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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Escrow Agent Registration Act by:

Catherine Cutler-Tyler  
a/k/a Catherine J. Pellegrini

Respondent.

NO. C-02-243-06-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO PROHIBIT FROM  
PARTICIPATION IN THE ESCROW INDUSTRY

**INTRODUCTION**

Pursuant to RCW 18.44.410 and RCW 18.44.430, the Director of the Department of Financial Institutions (Director) is responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act. After having conducted an investigation, and based upon the facts available as of August 1, 2006, the Director institutes this proceeding and finds as follow:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondent Catherine Jennifer Cutler-Tyler** (Cutler-Tyler) was licensed with the Department of Financial Institutions (Department) as the designated escrow officer (DEO) for Ocean Shores Escrow, Inc. on March 2, 2000, license number 540-DO-0397-00. The Department cancelled the license on December 31, 2003 for failure to renew.

**1.2** The Department licensed Ocean Shores Escrow, Inc. as an escrow agent at 668 Ocean Shores Blvd. NW, Suite A, Ocean Shores, WA 98569. Ocean Shores Escrow's license number was 540-EA1897-00. This licensed was cancelled January 1, 2003 for failure to renew.

**1.3 Investigation:** Cutler-Tyler was also known to own and operate an unlicensed escrow agent, Cornerstone Escrow, Inc. located at 4405 7th Ave SE #103, Lacey, WA 98503. During the Department's investigation of this unlicensed location, Cutler-Tyler's CPA, Mr. Gerry Wheeler, produced documents for both

1 Cornerstone Escrow and Ocean Shores Escrow. Mr. Wheeler informed the Department that he was concerned  
2 about some transactions at Ocean Shores Escrow because they appeared to improperly transfer trust funds to  
3 Cutler-Tyler's personal account. On April 25, 2002, after confirming Mr. Wheeler's concerns, the Department  
4 issued a temporary cease and desist order, C-02-243-O1 (copy attached as Appendix A).

5 **1.4** On or around April 26, 2002, after a site inspection of Ocean Shores Escrow, the Department  
6 discovered that Cutler-Tyler had improperly converted at least \$174,000 in consumer trust funds. The  
7 Department continued its investigation, working closely with local law enforcement officials.

8 **1.5 Criminal Conviction of Felony:**

9 **A.** On February 1, 2005, Cutler-Tyler was charged in Grays Harbor Superior Court with Theft in the  
10 First Degree. The charging document, which included eight counts, tracked 68 transactions over a  
11 two year period in which Cutler-Tyler used funds deposited in escrow, without authorization, for  
12 her own benefit.

13 **B.** On June 20, 2005, in Superior Court of Washington County of Grays Harbor, Cutler-Tyler was  
14 found guilty of eight counts of Theft in the First Degree, a felony under RCW 9A.56.030. This  
15 conviction, case number 05-1-65-4, was by a guilty plea, and Cutler-Tyler admitted the allegations  
16 in the charging document.

17 **C.** Cutler-Tyler's plea contained a handwritten description of what made her guilty of the crime:

18 In Greys Harbor County, Washington, on the dates charged – I exerted unauthorized  
19 control of funds of others through my escrow companies, with the intent to deprive the  
20 others of their funds. Each charged incident exceeded \$1500.

21 **1.6 Sentence:** As a result of Cutler-Tyler's conviction, Judgment and Sentence was ordered against her as  
22 follows:

23 **A. Restitution, Fees and Fines:** Cutler-Tyler was ordered to pay \$327,515 in restitution and  
24 \$4,860.90 in other fees.

25 **B. Confinement:** Cutler-Tyler was ordered to serve twenty-nine months of confinement in the  
custody of the Washington State Department of Corrections.

## II. GROUNDS FOR ENTRY OF ORDER

**2.1 Prohibited Practices:** Based on the Factual Allegations set forth, by committing a crime against the laws of this state involving moral turpitude or dishonest dealings, Cutler-Tyler violated RCW 18.44.301(1), (2), and (3), and RCW 18.44.430(1)(b), (c), (d), (e), (g), and (i).

**2.2 Authority to Prohibit from the Industry:** Pursuant to RCW 18.44.430(3), the Director may prohibit from participation in the conduct of the affairs of a licensed escrow agent, any officer, controlling person, director, employee, or licensed escrow officer for committing or engaging in any of the acts or conduct delineated in RCW 18.44.430(1).

## III. NOTICE OF INTENTION TO ENTER ORDER

Catherine Cutler-Tyler's violations of chapter 18.44 RCW as set forth in the above Factual Allegations and Grounds For Entry Of Order constitute a basis for the entry of an order under RCW 18.44.410 and RCW 18.44.430, which authorize the Director to enforce all laws, rules, and regulations related to the registration of escrow agents and licensing of escrow officers. Therefore, it is the Director's intention to ORDER:

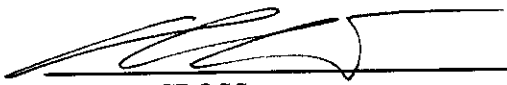
**3.1** That Respondent Catherine Cutler-Tyler be prohibited for twenty-five (25) years from participation in the conduct of the affairs of a licensed escrow agent as an officer, principal, or employee of any licensed escrow agent or any person subject to licensing under this chapter.

## IV. AUTHORITY AND PROCEDURE

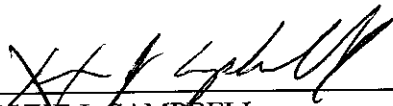
This Statement of Charges and Notice of Intention to Prohibit from Participation in the Escrow Industry is entered pursuant to the provisions of RCW 18.44.410 and RCW 18.44.430, and is subject to the provisions of chapter 34.05 RCW. Respondent Catherine Cutler-Tyler may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of Intention to Prohibit from Participation in the Escrow Industry.

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1 Dated this 1st day of August, 2006.

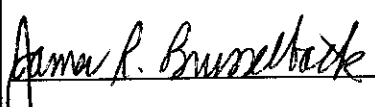
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4 CHUCK CROSS  
5 Director  
6 Division of Consumer Services  
7 Department of Financial Institutions

8 Presented by:

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10 LUKE J. CAMPBELL  
11 Legal Extern



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13 Approved by:

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15 JAMES R. BRUSSELBACK  
16 Enforcement Chief

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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING:  
Whether there has been a violation of the  
Escrow Agent Registration Act by:

Catherine Cutler-Tyler  
a/k/a Catherine J. Pellegrini

Respondent.

NO. C-02-243-06-SC01

NOTICE OF OPPORTUNITY TO DEFEND  
AND OPPORTUNITY FOR HEARING

THE STATE OF WASHINGTON TO:

Catherine Cutler-Tyler  
a/k/a Catherine J. Pellegrini

YOU ARE HEREBY NOTIFIED that a STATEMENT OF CHARGES has been filed by the Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the Washington State Department of Financial Institutions on the Statement of Charges. Service of this notice is deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to cross-examine those witnesses presented in support of the Statement of Charges. You may require the attendance of witnesses by subpoena. If you are limited English-speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.

NOTICE OF OPPORTUNITY TO DEFEND  
AND OPPORTUNITY FOR HEARING

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
150 Israel Rd SW  
PO Box 41200  
Olympia, WA 98504-1200

1 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-  
2 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for  
3 you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate  
4 in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN  
5 INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request  
6 the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative  
7 Hearing form.

8 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the  
9 Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will  
10 constitute a waiver of your right to a hearing and the Director will find that you do not contest the allegations of the  
11 Statement of Charges. Upon such a finding by the Director a final order will be immediately entered disposing of  
12 this matter as described in the Statement of Charges. If you desire a hearing in this matter, please return the attached  
13 Application for Adjudicative Hearing to:

14 Department of Financial Institutions, Division of Consumer Services  
15 Attn: Steve Sherman  
16 PO Box 41200  
17 Olympia, Washington 98504-1200

18 Dated this 1<sup>st</sup> day of August, 2006.



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CHUCK CROSS  
Director  
Division of Consumer Services  
Department of Financial Institutions